

Message Text

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ACTION EB-04

INFO OCT-01 SS-04 ISO-00 NSC-04 NSCE-00 TRSE-00 FRB-03

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC 8613

C O N F I D E N T I A L LONDON 03101

LIMDIS GREENBACK

PASS TREASURY FOR S.Y. CROSS AND F.L. WIDMAN

E.O. 11652: XGDS-1

TAGS: EFIN, UK

SUBJECT: EC MONETARY COMMITTEE MARCH 8 DISCUSSION ON GOLD

1. U.K. PARTICIPANT IN MARCH 8 EC MONETARY COMMITTEE MEETING SAYS IT WAS DEVOTED ENTIRELY TO A 5-1/2 TO 6 HOUR DISCUSSION ON GOLD. THERE WAS NO CONCLUSION. FRENCH WANT TO REGULARIZE THE MARKET, SETTING UP WHAT IN EFFECT WOULD BE A NEW GOLD POOL TO GOVERN THE MARKET FOR A FLOATING GOLD PRICE. DURING DISCUSSION, FRENCH ALSO SUGGESTED NEED TO KEEP IN TOUCH WITH THE RUSSIANS, AT ONE POINT APPARENTLY JUSTIFYING SUGGESTION BY QUOTING A PHRASE FROM KARL MARX ABOUT OBJECTIVE COMPLICITY.

2. AT OTHER EXTREME WERE THE GERMANS. WEBER REPORTEDLY SAID GERMANS HAVE NO OBJECTION IF CENTRAL BANKS WANT TO SELL GOLD. EQUALLY, IF CENTRAL BANKS LIKE CONSENTING ADULTS WISH TO COME TOGETHER SETTING A PRICE FOR TRANSACTIONS, GERMANS WOULD HAVE NO OBJECTION. WEBER WAS APPARENTLY CHALLENGED BY UNSPECIFIED EC MEMBERS WHO SAID IN CURRENT SITUATION THERE WOULD BE NO SELLERS. WEBER APPARENTLY REJECTED THIS, ARGUING THAT IF COUNTRIES WERE UNDER PRESSURE THERE WOULD PRESUMABLY BE A PRICE THAT COULD BE ARRANGED.

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3. OUR SOURCE SUMMED UP DISCUSSION SAYING THERE WERE NOT QUITE AS MANY DIFFERENCES OF OPINION AS THERE WERE PARTICIPANTS. THERE WAS NO CONCLUSION.

4. ACCORDING TO OUR SOURCE, THE U.K. POSITION IS "HEDGED ALL AROUND." A REQUEST FOR A FIRM DECISION ON WHAT TO DO ABOUT GOLD WAS NEVER PUT TO THE PREVIOUS CHANCELLOR, EXCEPT IN TERMS OF AN ULTIMATE SOLUTION WITHIN CONTEXT OF FINAL AGREEMENT OF MONETARY REFORM. CURRENT U.K. TREASURY STAFF VIEWS ARE THAT NOTHING ELABORATE SHOULD BE DONE. GOLD SHOULD NOT BE GIVEN ANY NEW STATUS WITHIN THE MONETARY SYSTEM. ANY ARRANGEMENTS TO BE WORKED OUT IN CURRENT SITUATION SHOULD BE MINIMAL. ON OTHER HAND, U.K. TREASURY SENIOR STAFF DO NOT RULE OUT THE POSSIBILITY OF SOME GOLD SETTLEMENTS BETWEEN MONETARY AUTHORITIES IF IT IS NOT PREJUDICIAL TO EVENTUAL SETTLEMENT ON MONETARY REFORM. THIS MUCH SAID, U.K. TREASURY DOES NOT HAVE A CLEAR POSITION. ITS EVENTUAL DETERMINATION WILL BE SUBJECT TO CONFIRMATION BY NEW LABOUR CHANCELLOR HEALEY.

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Message Attributes

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